RAJYA SABHA

Tuesday the 31st March, 1992/11th *Chakra,* 1914 *(Saka)* The House met at Eleven of the Clock,

Mr. Chairman in the Chair

ORAL ANSWERS TO QUESTIONS

Licensing of private parties for the operation of Cellular Mobile Phones

*441. SHRI DHULESWAR MEENA: Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Depertment of Telecommunications has since been able to finalise the terms and conditions for the issue of the licences to private parties for the operation of Cellular Mobile Phones Services in the 4 Metro cities;

(b) what are the modalities for interconnection from cellular to the fixed network of DOT;

(c) what are the details thereof; and

(d) what sort of weightage would be given to bidders with a local support base?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMUNICATIONS (SHRI P. V. RANGAYYA NAIDU): (a) No, Sir. Terms and conditions for issue of licenses to Indian Companies for operation of Cellular Mobile Telephone will be formulated at the time of awarding the license.

(b) and (c): Modalities for interconnection from Cellular t<j fixed Network is through the digital Link from Mobile Switching Station to Transit/ Tandem Exchanges of the Dept. of Telecom.

(d) The progressive use of indigenously manufactured equipment in the provision and expansion of service will be given due weightage.

SHRI DHULESHWAR MEENA: Sir, may I know from the hon. Minister, when the Government announced its decision to privatise the telecom sector, which of the Indian firms entered into joint ventures with leading international telecom firms in the expectation that there was the phenomenal scope in the Indian market for paging systems and cellular mobile phones? Second part of my question is whether the Government are considering the distribution of the franchises for cellular phones and paging systems among major bidders so as to keep up the interest of global telecom giants for investing in India in the future, and whether this will bring too little business in the hands of the Indian groups, thus making the franchises economically unviable.

THE MINISTER OF STATE OF THE MINISTRY OF COMMUNICATIONS (SHRI RAJESH PILOT): Mr. Chairman, Sir, the Department had set up a committee in the year 1991 to liberalise some of the services in telecommunication, specially the value-added services. We thought that some of the services which do not come under the category of basic necessity in communications, could be liberalised and some investment could be made from the sector which does not affect our basic necessities and basic requirements. Cellular mobile phone is one of the value-added services. We have decided to liberalise the sector and ask for investment from the private sector. I am happy to inform the House that there is a very good encouragement and nearly 115-116 companies and their people have applied for it. Today is the opening of their technical and commercial offers. After this, the financial aspect will be looked into. The main idea of opening up of this sector is to earn from the sector and divert this money to rural communications in the basic necessities in the communication, and this will be a great help to our sector.

SHRI DHULESHWAR MEENA: My second supplementary is whether the Government has conducted any market survey of the number of subscribers in each metro for the Cellular Mobile phone system. If so, what is the number envisaged for each metro? Further, what will be the tariff structure for a mobile telephone user? And what willl be the mechanism of the operation?

SHRI RAJESH PILOT: Mr. Chairman, Sir, as such, no special survey has been conducted in all the four metropolitan cities. But there has been demand from all the corners of the

country; not only the four cities. Wherever I have gone, places like Bangalore, Pune, etc., there has been demand. There are some people who want telephone everywhere. If they are in the bathroom, they need a phone; even when they go to sleep, they need a phone, if they are travelling in a car, they need a phone. There is no harm in giving them this facility and earning out of it and helping those poor people who need basic telephone facilities for their basic requirements. That is why we have opened up. And this is going to be an earning avenue for Telecommunications. I am very hopeful because the encouragement which the bidders have given, the offers that have come, clearly show there is a market in the country. That is why so many people from abroad and these local people have applied. There is a market. Today these offers will be opened and we will know how much they are. Just for the information of the House, I would like to say this. We have made a small committee. We have kept the Secretary, Electronics, in it; the Secretary, Finance, is there; we have also kept the Secretary, Foreign Investment Board in it; and the Telecom Secretary is also there. So it will be technically checked by experts in finance and technology. Even the Foreign Investment Board Secretary is there. So it will be very compact formula from them.

श्रीमती वीणा वर्मा: सर, मैं मंत्री जी से पूछना चाहती हूं कि कार टेलीफोन को अंतिम रूप से देने से पहले डिपार्टमेंट ऑफ टेलीकम्यनिकेशंस ने वी.एच.एफ. फ्रक्वेंसी निर्धारित की है 890 से 960 मैगाहर्टज और इस रेंज में पहले ही डिफेंस की कुछ फ्रीक्वेंसीज काम कर रही हैं। तो अगर आप कार टेलीफोन सैंक्शन करते हैं तो उसमें एक तो ये जो हमारा कम्युनिकेशन डिपार्टमेंट है, इसमें डिस्टरबेंस होगा और डिफेंस में जो हमारी इस तरह की फ्रीक्वेंसीज काम कर रही हैं दोनों में डिस्टरबेंस होगा। तो इस प्राब्लम को आप कसे साल्व कर करेंगे? जब आप कार टेलीफोन देने जा रहे हैं, जब उसकी फ्रीक्वेंसी निर्धारित करेंगे तो इस प्राब्लब को किसस तरह सें सॉल्व करने जा रहे हैं कि दोनों डिस्टरबेंस न हो। या तो आप कुछ फ्रीक्वेंसीज को खाली कराने की योजना पर विचार करेंगे या फिर नॉसलेस टेक्नोली को लाने का प्रयत्न करेंगे?

श्री राजेश पायलट: चेयरमैन सर, मेरी बहन सदस्या या बात मानेंगी कि मेरे और उनके बजाय जो टेक्नीकल कमेटी है, उसमें जो एक्सपर्ट्स हैं, उनको इस काम को करने दें और उसके बाद वे हमको एडवाइज दें और फिर सरकार उस पर विचार करेगी। मैं भी इतना एक्सपर्ट नहीं हूं और मेरी बहन भी समझेंगी कि कौन सी फ्रीक्वेंसी कहां ओवरलैप करेगी, इन सब बातों का ख्याल रखा जाएगा और जो सर्विस दी जाएगी, इन सब बातों को ध्यान में रखकर दी जाएगी।

DR. P.K. PODDAR: Sir, this mobile phone is wonderful invention and we do have a market, as the Minister says. But this market is for the satisfaction of the needs of the very affluent section. Now, my question to the Minister is whether the Ministry has assessed what the net foreign exchange outflow will be, if we want to satisfy the needs of this market.

SHRI RAJESH PILOT: Sir, as I have said, we have just initiated the process. At this juncture, my giving any assessment will not be right. Neither would I have the correct figures at this moment. We have just asked for the offers from different people.

DR. P. K. PODDAR: Without any preliminary assessment as to how much foreign exchange is going to flow out" of this country on this project, you have initiated this project.

SHRI RAJESH PILOT: Mr. Chairman, Sir, there would be no outflow of foreign exchange. To tell you very frankly, Sir, we might earn in foreign exchange also because we have put some conditions in the offers that they have got to manufacture here. A manufacturing clause has been put like that. *(Interruption).*

MR. CHAIRMAN: He has said that there will be no outflow of foreign exchange and there may be inflow.

DR. R.K. PODDAR: But the only thing is that it would not be a repetition of Pepsi Cola.

MR. CHAIRMAN: The Finance Minister is sitting here to see that there is no outflow and that there is only inflow.

SHRI B.L. PANWAR: I would like to know whether the NRIs have conctacted him for providing transit facility to motorcars, etc. what is the time-schedule for finalising this project of cellular mobile phone? By what time this will be finalised by the Ministry of Communications? Will the NRIs be given

licences to come here and manufacture all type of such phone services?

SHRI RAJESH PILOT: On this subject a lot of people have met me and we have been having mutual discussions. About the time-schedule. Government plans to initiate the service at an earliest, maybe, by the end of this year or maybe, by the beginning of the next year. The correct time-schedule could only be given after finalising the offer from some individual compaines or firms. After discussing with them I will be able to give the exact date, but for the information of the House, it should be beginning of the next year.

SHRI YASHWANT SINHA: Has any assessment of the demand for cellular car telephones been made for India and based on that, do they feel that any such manufacturing facility in this country will be economically viable? If the local demand is not able to support this and make it economically viable, what is the percentage of production which must be exported? Has any broad framework been prepared of such estimates before we plunge ourselves into this? The Minister has just now said that there will be no outgo of foreign exchange, there will be inflow, but I know and I am sure the Minister and the Finance Minister know of a number of cases where we started with such a promise, but late such promises have been belied, they have not been kept. What are the safeguards that we are going to adopt to make sure that this commitment is kept?

SHRI RAJESH PILOT: About the first part of the question asked by the hon. Member, we have put one of the conditions and we have clarified to the bidders that they have got to manufacture here—ultimately, not the first time that they come and manufacture and then give the service. We have put a clause that there should be a long-term manufacturing process here. So, that has been taken care of.

About the second part, I can assure the hon. Member that at this juncture we are firm because not a single paisa is going to spent from the Exchequer, no money is going to spent by the Government. It is totally be those people who are interested to serve. Rather, we will be collecting money at a later stage as licence fee or some other levy that we are going to put. This is that I have put in my first answer. The idea is to get money from these firms in the form of levy or fee and use that moeny for rural communication or rural connectivity. So, that part will be taken care of. I do not think there will be any day when we will have to struggle because we have nothing to do with it. Anybody who is going to give service, is going to give his offer.

SHRI YASHWANT SINHA: What about the dividend or the royalty payment which foreign firms always demand? What is going to happen to that? Are they going to take any money out of the country by way of royalty for the technology, by way of dividend for the production facility that they will be setting up?

SHRI RAJESH PILOT: Royalty to whom? Government has nothing to do. There is a private firm. The Indian franchise will be there. We will have the understanding between that firm and the Indian franchise. Whatever details the Member wants to know, I will be able to give him after some discussions take place between the concerned party and the Department.

MR. CHAIRMAN: Question No. 422.

Appointment of technocrat as Chief Executive of Indian Airlines

*442. SHRI RAJNI RANJAN SAHU: Will the Minister of CIVIL AVIATION AND TOURISM be pleased to state:

(a) whether it is a fact that the concept of appointing Chief Executive from amongst the technocrats has been shelved by Indian Airlines;

(b) what is the procedure of selection of Chairman-cum-Managing Director for Indian Airlines;

(c) whether the posts of Chairman-cum-Managing Director and other Directors of the Board have been filled up or not; and

(d) what are the principles laid down for appointment on such Board?

THE MINISTER OF CIVIL AVIATION AND TOURISM (SHRI MADHAVRAO SCINDIA): (a) to (d) A statement is laid on the Table of the Sabha.